BANK OF CANADA
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Senior Loan Officer Survey

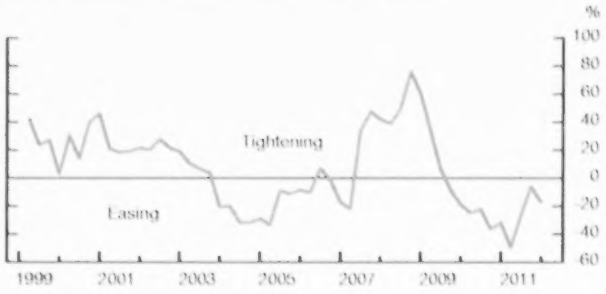
on Business-Lending Practices in Canada — Results of the First-Quarter 2012 Survey | Vol. 5.1 | 9 April 2012

This *Senior Loan Officer Survey* (SLOS) focused on changes to business-lending practices in the first quarter of 2012.

- The survey results point to an overall easing in business-lending conditions during the first quarter of 2012, following virtually unchanged lending conditions in the last quarter of 2011 (**Chart 1**). Both the price and non-price aspects of business lending eased during the first quarter (**Chart 2**). Note that the balance of opinion indicates only the direction of the change in lending conditions; it does not provide information on the magnitude of the change.
- Price and non-price lending conditions eased across all borrower categories. This was most evident for small businesses, which experienced an easing in overall lending conditions for the sixth consecutive quarter. For corporate and commercial borrowers, lending conditions also eased following unchanged conditions in the previous quarter.
- Respondents consider competition among lenders as the key factor underlying the easing in business-lending conditions. For small businesses, an improved economic outlook and industry-specific factors were also cited as reasons for the easing.
- The survey findings suggest that, in general, there was little evidence of increased demand for business credit during the first quarter.

Chart 1: Lending conditions have eased for Canadian non-financial firms...

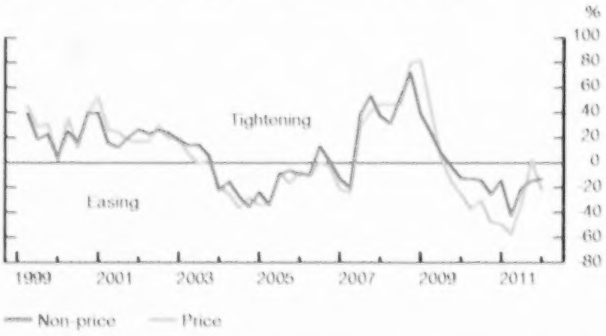
Overall business lending conditions: Balance of opinion[a]



a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions. Thus, a positive balance of opinion implies a net tightening. The chart shows the average of the balances of opinion for the price and non-price dimensions of lending conditions.

Chart 2: ...in both price and non-price terms

Price and non-price lending conditions: Balance of opinion[a]



a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions.

Note: Each series is the simple average of the balances of opinion for the small business, commercial and corporate sectors.

The *Senior Loan Officer Survey* collects information on the business-lending practices of major Canadian financial institutions. In particular, the survey gathers the perspectives of respondents on price and non-price terms of business lending and on topical issues of interest to the Bank of Canada. The survey is conducted quarterly, near the end of the quarter for which the results are reported. The first-quarter survey was conducted between 12 and 16 March 2012. Additional information on the survey is available on the Bank of Canada's website.

The survey results summarize opinions expressed by the respondents and do not necessarily reflect the views of the Bank of Canada.

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